

**DEPARTMENT OF ENVIRONMENTAL QUALITY  
P.A. 520 of 2002**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2001-02 YEAR-TO-DATE	FY 2002-03 GOV'S REC.	FY 2002-03 YEAR-TO-DATE	CHANGES FROM FY 2001-02 YEAR-TO-DATE	
				AMOUNT	PERCENT
FTE Positions .....	1,672.7	1,590.7	1,590.7	(82.0)	(4.9)
<b>GROSS .....</b>	<b>430,037,130</b>	<b>404,825,500</b>	<b>405,289,600</b>	<b>(24,747,530)</b>	<b>(5.8)</b>
Less:					
Interdepartmental Grants Received .....	17,809,000	14,042,900	14,042,900	(3,766,100)	(21.1)
<b>ADJUSTED GROSS .....</b>	<b>412,228,130</b>	<b>390,782,600</b>	<b>391,246,700</b>	<b>(20,981,430)</b>	<b>(5.1)</b>
Less:					
Federal Funds .....	140,707,600	131,531,600	131,521,400	(9,186,200)	(6.5)
Local and Private .....	1,567,100	435,700	435,700	(1,131,400)	(72.2)
<b>TOTAL STATE SPENDING .....</b>	<b>269,953,430</b>	<b>258,815,300</b>	<b>259,289,600</b>	<b>(10,663,830)</b>	<b>(4.0)</b>
Less:					
Other State Restricted Funds .....	186,339,730	184,155,300	186,857,100	517,370	0.3
<b>GENERAL FUND/GENERAL PURPOSE ..</b>	<b>83,613,700</b>	<b>74,660,000</b>	<b>72,432,500</b>	<b>(11,181,200)</b>	<b>(13.4)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>5,075,000</b>	<b>15,557,500</b>	<b>15,547,500</b>	<b>10,472,500</b>	<b>206.4</b>

**FY 2002-03  
Change from  
FY 2001-02  
Year-to-Date**

**A. ENVIRONMENTAL CLEANUP FUND SHIFT**

General Fund support for environmental cleanup activities in the contaminated site investigation, cleanup and revitalization, and the leaking underground storage tank cleanup appropriations was shifted to Environmental Response Fund (ERF) support. Except for a \$250,000 GF/GP appropriation that matches a Federal Environmental Protection Agency grant, this action effectively removes all General Fund support for environmental response activities. This action brings total appropriations from the ERF to \$17,900,000. The ERF is supported with revenue from responsible party payments. Annual revenue to the ERF is typically less than \$10,000,000, but there was a Fund balance at the end of FY 2000-01 of nearly \$14,700,000.

Gross	0
Restricted	8,500,000
GF/GP	(8,500,000)

**B. WATER QUALITY MONITORING**

A new appropriation for the establishment of a comprehensive water quality monitoring program, supported with Cleanup and Redevelopment Fund dollars, was proposed by the Legislature and included in the enacted budget. The program will target the Lake St. Clair, St. Clair River, and Clinton River watersheds. The Cleanup and Redevelopment Fund is supported primarily with unclaimed bottle deposit revenue.

Gross	2,500,000
Restricted	2,500,000
GF/GP	0

**C. OIL AND GAS PROGRAMS**

**1. Base Adjustment**

The budget includes a reduction in the level of appropriations from the Oil and Gas Regulatory Fund (OGRF), to reflect expenditure trends more closely. The OGRF is supported primarily with a 1% tax on the value of oil and gas produced in the State. Since the level of the tax on oil and gas production is calculated annually based, in part, on the level of appropriations from the OGRF, this reduction should result in a decrease in the tax rate.

Gross	(2,000,000)
Restricted	(2,000,000)
GF/GP	0

**FY 2002-03  
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**2. Staff Increase**

The budget includes an increase in Oil and Gas Regulatory Fund appropriations to support an increase in oil and gas well inspection activity.

Gross	144,000
Restricted	144,000
GF/GP	0

**3. Orphan Well Program**

An increase in appropriations from the Orphan Well Fund revenue will accelerate the progress of capping abandoned oil and gas wells.

Gross	682,700
Restricted	682,700
GF/GP	0

**D. NPL LANDFILL MATCH GRANTS**

The budget includes an increase in Cleanup and Redevelopment Fund revenue for the NPL (National Priority List) Landfill Match Grant Program. The Program reimburses up to 50% of response activity costs at municipal solid waste disposal facilities that are on or proposed for the NPL.

Gross	2,000,000
Restricted	2,000,000
GF/GP	0

**E. ENVIRONMENTAL PROJECT SUPPORT**

The Department requires financial instruments (e.g., surety bonds) as a condition of participation in several permitting/environmental programs. The Department currently holds more than \$7,000,000 in such financial instruments, but lacks the appropriation authority to spend from most of these instruments. The budget created a new \$5,000,000 appropriation line item that will enable the Department to spend from the financial instruments it holds to repair environmental damage or assume responsibility for a facility in the event that a permit holder or other entity defaults, or fails to meet the requirements of a permit or other agreement. Appropriations in the Waste Management unit totaling \$2,000,000 that provide spending authority from financial instruments in the event that the Department is required to assume responsibility for a solid waste or hazardous waste disposal facility, were rolled up into the new Environmental Project Support line item.

Gross	3,000,000
Restricted	3,000,000
GF/GP	0

**FY 2002-03  
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**F. REVITALIZATION REVOLVING LOAN PROGRAM**

The Revitalization Revolving Loan Program appropriation is eliminated. The line item was created in FY 1998-99 and was to have been supported with Environmental Protection Fund (EPF) dollars. The EPF is supported with the proceeds from the sale of Federal tax credits on the production of certain qualified fuels in which the State owns mineral rights. Due to litigation, money in the Fund was never spent, so a balance of more than \$30,000,000 has accumulated. The litigation was resolved, but the budget dedicates the balance in the EPF to environmental response and cleanup activities only.

Gross	(7,000,000)
Restricted	(7,000,000)
GF/GP	0

**G. EARLY RETIREMENT AND BUDGETARY SAVINGS**

The budget includes a negative early retirement savings appropriation totaling \$1,481,000, reflecting the anticipated General Fund savings from the 2002 early retirement. A 1% budgetary savings appropriation totaling \$746,600 was included also. The savings will be applied to specific line item appropriations through the legislative transfer mechanism.

Gross	(2,227,600)
GF/GP	(2,227,600)

**H. 1997 EARLY RETIREMENT PAYOUT**

Under the 1997 early retirement program, departments were allowed to spread the payments for accumulated sick leave to retirees over a five-year period. The amounts that had been used to make the sick leave payments are removed from the budget.

Gross	(280,200)
IDG	(12,100)
Federal	(7,600)
Restricted	(44,500)
GF/GP	(216,000)

**I. STAFF REDUCTION OFFSETS TO ECONOMIC INCREASES**

The budget reduces staff and funding in order to offset the cost of economic increases in salaries and wages.

FTEs	(15.0)
Gross	(761,400)
GF/GP	(761,400)

**J. PROGRAM TRANSFERS**

A new Information Technology appropriation unit is created. It includes \$7,307,400 transferred from various operating line item appropriations. This funding is appropriated also as an interdepartmental grant from user fees in the new Department of Information Technology, which was created by Executive Order 2001-03. Sixty-seven positions are transferred to the new Department, and the interdivisional charges appropriation for information technology services is eliminated in the Department of Environmental Quality budget.

FTE	(67.0)
Gross	(3,732,000)
IDT	(3,732,000)
GF/GP	0

**FY 2002-03  
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**K. FEE INCREASES**

Gross NA

The budget continues to include \$1,550,000 in new fee revenue for septage waste activities. Current fees generate approximately \$150,000 annually. The proposal to restructure and increase fees for the program was made originally in the FY 2001-02 budget. The fees have yet to be enacted.

**L. UNCLASSIFIED SALARIES**

Gross 9,900  
Restricted 700  
GF/GP 9,200

The budget includes a 2.0% increase for unclassified salaries, bringing total unclassified salary funding to \$495,800.

**M. ECONOMIC ADJUSTMENTS**

Gross 2,131,300  
IDG 18,000  
Federal 300,500  
Private 2,000  
Restricted 735,900  
GF/GP 1,074,900

Standard economic adjustments are applied for salaries and wages, total retirement, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. An offsetting reduction of amounts used to make prior year lump sum salary payments is included as well. These adjustments include:

Item	Gross	GF/GP
Salaries and Wages	\$1,703,100	\$631,400
Retirement	364,800	101,400
Lump Sum Payments	(605,100)	(210,600)
Building Occupancy Charges	1,359,300	1,051,400
Private Rent	(777,800)	(517,800)
Information Technology	76,400	14,400
Workers' Compensation	10,900	4,700
Total	\$2,131,300	\$1,074,900

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**N. OTHER ISSUES**

Other changes include adjustments to reflect the availability of various Federal, local, and State restricted sources of financing, certain mandated inflationary adjustments, the elimination of \$22,500 in residual funding for the low-income community wastewater assistance program that remained after the E.O. 2001-9 reduction, elimination of one-time FY 2001-02 supplemental appropriations and contingency transfer items, adjustments in Clean Michigan Initiative (CMI) administration appropriations consistent with the Department's five-year plan, and the reduction of General Fund support where these adjustments resulted in an increase in total appropriations.

Gross	(19,214,230)
IDG	(40,000)
Federal	(9,479,100)
Local	(1,133,400)
Restricted	(8,001,430)
GF/GP	(560,300)

**O. VETOES**

**1. Arsenic Testing Program**

In FY 2001-02, \$500,000 was appropriated to implement a new Arsenic Testing Program, as allowed by Public Act 165 of 2001 which, in addition to creating a new hazardous waste fee system, allowed the one-time appropriation of up to \$500,000 from the Waste Reduction Fund to implement such a program. The Legislature provided an additional \$500,000 from the Environmental Protection Fund to continue the Arsenic Testing Program in FY 2002-03. The Governor vetoed this funding.

**2. Beach Signs**

The Governor vetoed \$20,000 in Clean Michigan Initiative - Clean Water Fund appropriations from the surface water surveillance program line item. The funding was to have been allocated, on a cost-share basis, for signs at public beaches that would provide sources of beach water quality information.